

Readiness Based Sparing Overview



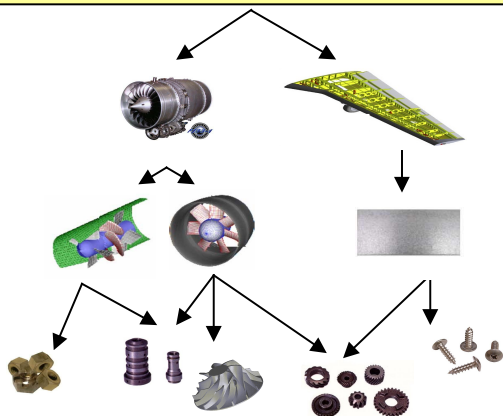
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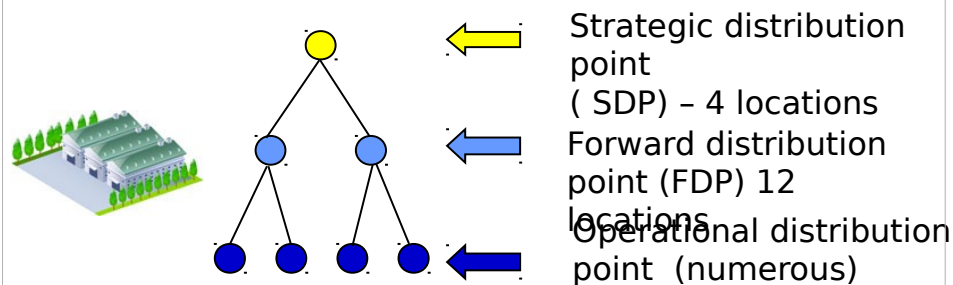
Readiness-Based Sparing addresses a challenge common across DOD

- What to stock: parts, components, sub-systems (*multi-indenture*)
- Where to stock: at strategic distribution points (SDPs), forward distribution points (FDPs), and/or at squadron-level or operational distribution points, (*multi-echelon*)

Together make up two-dimensional Multi-indenture, Multi-echelon (MIME) RBS



Multi-indenture: RBS assesses trade-offs within various parts, components, and sub-systems



Multi-echelon: RBS assesses trade-offs of stocking levels for individual and/or multiple distribution points



The Services and DLA agreed on the value of leveraging coordinated COTS solution(s) in 2005

- Identification of the common requirement for COTS tools
- Leveraging COTS functionality and best practices
- Alignment of objectives and metrics
- Alignment of business processes that would better enable end-to-end planning for common items
- Cross-DoD interoperability
- Resolution of common problems, solving them once
- Leveraging lessons learned and expertise across Components



Today, DoD has a common RBS vision

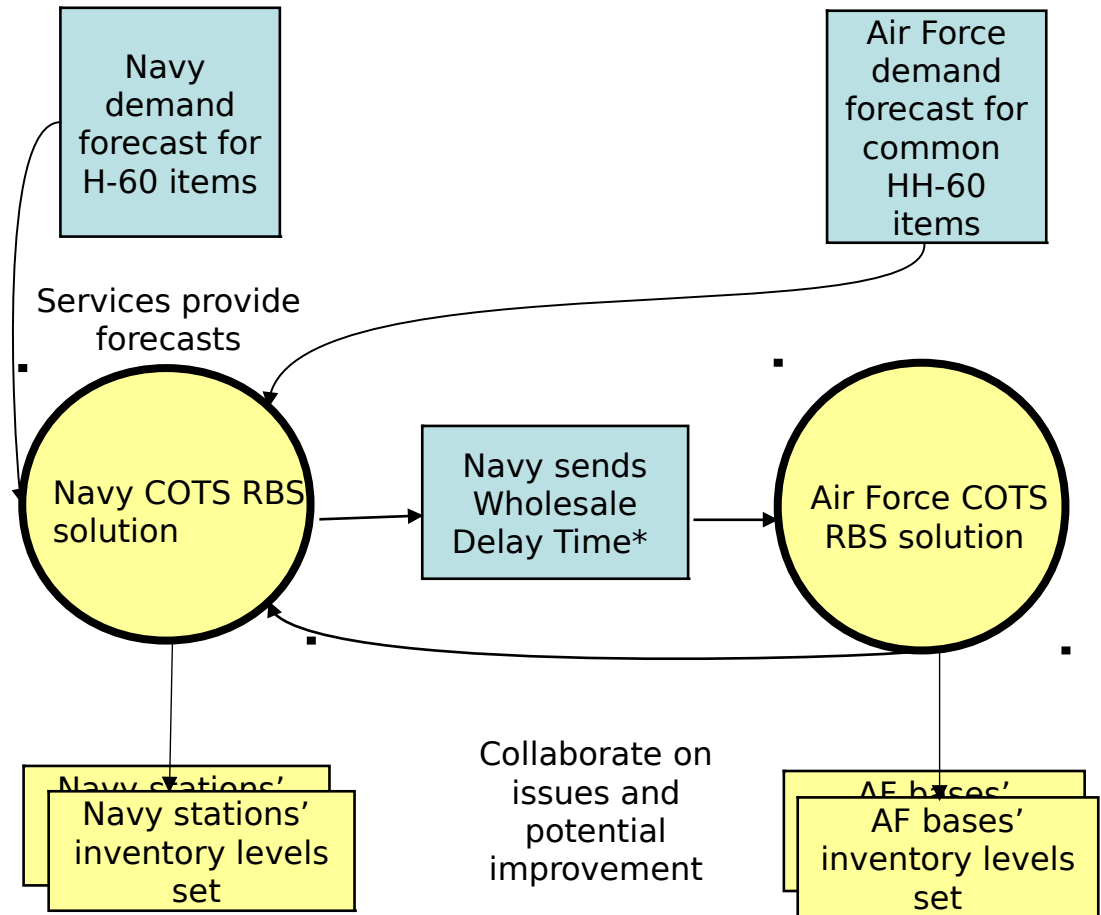
Interoperable, yet ***individualized***, ***COTS RBS solutions*** aligned with Service specific requirements and constraints

- COTS RBS solutions provide the ability to leverage functional capability, advances in information technology, integration with ERP systems, and software support
- Individualized RBS solutions address the service-unique missions, forces, maintenance philosophies, weapon systems requirements, and ERP systems environment
- Interoperability enables the sharing of demand data and wholesale delay times across DoD which will lead to more effective inventory investment, driving greater availability at the same or reduced cost.



Individual, interoperable COTS RBS solutions interact as shown below

- The Navy manages wholesale levels of inventory for spares common to the HH-60, an aircraft used by both the Navy and the Air Force.
- The Navy will use a combination of their own demand forecast, as well as the Air Force – provided demand forecasts, to set wholesale levels.
- As they monitor inventory levels, the Navy will communicate wholesale delay times to the Air Force so that they can set their retail levels appropriately.



*Wholesale delay time is current average supply response time, excluding



Multiple efforts moving towards RBS vision

■ Navy

Project description: Integrating MCA Solutions' Supply Parts Optimizer (SPO) into spares requirement determination process for aviation (next phase expands to maritime). Developing collaborative multi-indenture, multi-echelon (MIME) RBS process between DLA and Navy, which can be repeated for other Services.

Expected outcome: fully operational COTS RBS environment to support retail and wholesale for both aviation and maritime, eliminating several custom developed legacy models

Status: Completed SPO analysis for F/A-18, and comparison of SPO with legacy AVCAL. SPO expected to reduce wholesale and retail requirements, reduce churn cost

■ Air Force

Project description: Exploring capabilities and applicability of Click Commerce's Advanced Inventory Optimization (AIO), which is the RBS logic embedded in the USAF ERP solution. Developing "Meta-model" concept to support coordinated inventory management for common items and analyzing potential benefits.

Expected outcome: A COTS RBS solution incorporated in the ERP.

Status: Benchmarked AIO against legacy models and achieved results comparable to legacy RBS tools. Furthered collaboration with 'meta-model' to manage items common across Services

■ DLA

Project description: Utilizing JDA Software Group's Inventory Policy and Optimization (IPO) to calculate multi-echelon inventory levels, which are needed to support retail initiatives

Expected outcome: replace outdated and suboptimal safety stock computation used today

Status: Current modeling of multi-echelon network indicates savings in purchase requests

■ Army

Project description: Complete technical evaluation of SPO. Investigating methods, policies, and best practices for establishing, storing, and maintaining actionable BOMs

Expected outcome: July 2008 decision

Status: Evaluation completed and determined SPO does not meet RBS requirements for Army



COTS RBS is expected to drive results

Several legacy systems to be retired

- Navy
 - ARROW (aviation retail only RBS model)
 - ACIM (maritime retail only RBS model)
 - CARES (wholesale model)
 - VOSL (retail consumable model)
- Air Force
 - AAM (peacetime, system-wide sparing and repair planning)
 - RBL (retail supply)
 - COLT (retail consumable requirements)

Inventory savings / readiness improvements

- Navy

Validated AVCAL savings, allowance churn cost 7% less than legacy
- Air Force

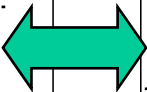


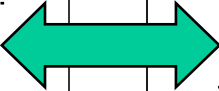

Data sharing expected to lead to increase HH-60 aircraft availability by 10%; identified potential increase of 40% with additional investment.

New capabilities

- DLA setting of retail level safety stocks, important to support BRAC



Oversight process established

Owner	Action	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
DoD Components	Submit project proposals to SCI (using template)												
	Brief proposed project to SCCG												
	Provide project updates to SCCG												
SCI	Review proposals for alignment w/ objectives and goals												
	Approve and reject proposals and provide necessary funds												
SCCG	Review proposals and prioritize for funding decisions									